

**MSRM Organics Private Limited**  
 March 05, 2019

**Rating**

Facilities	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	7.50	<b>CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable)</b>	<b>Issuer not cooperating; based on best available Information</b>
Short term Bank Facilities	1.50	<b>CARE A4; ISSUER NOT COOPERATING* (A Four)</b>	<b>Issuer not cooperating; Based on best available Information</b>
<b>Total</b>	<b>9.00 (Rupees Nine Crore Only)</b>		

*Details of facilities in Annexure-1*

**Detailed Rationale & Key Rating Drivers**

CARE has been seeking information from MSRM Organics Private Limited to monitor the rating vide e-mail communications/ letters dated October 12, 2018, December 24, 2018 and January 17, 2019 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. **In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at fair rating.** The rating on MSRM Organics Private Limited's bank facilities will now be denoted as **CARE B; Stable/CARE A4; ISSUER NOT COOPERATING\***

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.**

**Detailed description of the key rating drivers**

*At the time of last rating on December 29, 2017 the following were the rating strengths and weaknesses:*

**Key Rating Weakness****Financial closure yet to be achieved**

The cost of the project is Rs. 10.89 crore of which the promoters have infused around Rs. 2 crore in the business for purchasing of land and construction of factory. The company is looking forward to avail bank borrowings comprising of term loan of Rs. 5 crore to fund the construction of shed and purchase of plant & machinery and working capital facility comprising of cash credit & foreign letter of credit of Rs. 2.5 crore and Rs. 1.5 crore to fund the working capital requirements.

**Implementation risk towards stabilization of operations**

The directors of the company are setting up an organic fertilizer plant with a total estimated cost of Rs. 10.89 crore which is to be funded through a bank term loan of Rs. 5 crore and rest of Rs. 2 crore and Rs. 3.89 crore from promoters own funds and unsecured loans from related parties respectively. As on December 14, 2017, the company had incurred expenses of Rs. 2.28 crore which is around 21% of the total project cost towards land purchase, development, construction of factory, licenses & approvals and the same was funded through promoter's own funds and a part through unsecured loans. The commercial operations of the company are expected to start from April 2018. Therefore, project implementation risk exists towards stabilization of operations as only 21% of the project has been completed till date.

**Key Rating Strengths****Experienced management**

Mr. Ravinder Rao Polsani, the promoter of the company has around three decades of prior experience in agriculture field. He is also the chairman and managing director of Taaza International Limited.

**Location advantage of the plant**

The plant unit of the company is located in SPSR Nellore district in Andhra Pradesh, which is at close vicinity to the Krishnapatnam port. The company would be importing organic granules from Vietnam via the Krishnapatnam port. The presence of the port near the plant location will enable the company to procure the raw materials easily.

**Analytical Approach:** Standalone

**Applicable Criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer did not cooperate; Based on best available information

## Financial ratios – Non-Financial Sector

### Criteria for short term instruments

#### **About the Company**

MSRM Organics Private Limited (MSRMOPL) was established in April, 2017 by Mr Ravinder Rao Polsani and Mr. Sai Shashank Pabbathi to manufacture bio fertilizers at its plant located at SPSR Nellore district in Andhra Pradesh. The installed capacity of the plant for liquid, powders and granules is 1500,000 litres, 90,000 Kgs and 5000,000 Kgs per annum respectively.

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating History (Last three years):** Please refer Annexure-2

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

#### **About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an *External Credit Assessment Institution (ECAI)* by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

#### **Disclaimer**

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

### **Annexure-1: Details of Instruments/Facilities**

<b>Name of the Instrument</b>	<b>Date of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Size of the Issue (Rs. crore)</b>	<b>Rating assigned along with Rating Outlook</b>
Fund-based - LT-Term Loan*	-	-	-	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - ST-ILC/FLC	-	-	-	1.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

\*proposed facility

## Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	5.00	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; Stable (29-Dec-17)	-	-
2.	Fund-based - LT-Cash Credit	LT	2.50	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; Stable (29-Dec-17)	-	-
3.	Non-fund-based - ST-ILC/FLC	ST	1.50	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (29-Dec-17)	-	-

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